

**STATEMENT REGARDING
THE REAUTHORIZATION
OF THE FARM BILL**

FIELD HEARING OF THE COMMITTEE ON AGRICULTURE

**THE HONORABLE ROBERT W. GOODLATTE
CHAIRMAN**

PRESENTED BY

**DAN KERNS
HATCHING EGG PRODUCER
FOR ALLEN'S HATCHERY
LIBERTY, NORTH CAROLINA**

**MONDAY, FEBRUARY 6, 2006
FAYETTEVILLE, NORTH CAROLINA**

**NORTH CAROLINA POULTRY FEDERATION
RALEIGH, NORTH CAROLINA**

Good afternoon. Thank you, Chairman Goodlatte and committee members for the opportunity to present the views and recommendations of the North Carolina Poultry Federation (NCPF) on the very important and timely issue of reauthorizing the farm bill. The NCPF appreciates your efforts to reach out with field hearings to solicit the views and recommendations of farmers like myself. Your strong and on-going interest is vital to having the best farm bill possible.

My name is Dan Kerns. I manage a 40,000-broiler breeder flock that supplies broiler hatching eggs to Allen's Hatchery in Liberty, North Carolina. Allen's Hatchery is an integral part of Allen Family Foods with headquarters in Seaford, Delaware. Allen Family Foods is a major, vertically-integrated broiler company with operations in North Carolina, Delaware, and Maryland. Allen Family Foods roots in the broiler business started in 1919 and the third generation of the Allen family has managed the company for the past 30 years. The fourth generation has joined the company. Very few companies, in or out of agriculture, have the ability and opportunity to benefit from having four generations involved in the family business.

My family farm has produced fertile, hatching eggs for many years. The arrangement with Allen's Hatchery provides a good, steady income and complements the other operations on my 200 acre farm in McLeansville (Guilford County), North Carolina. I am pleased that I have been elected to serve on the Board of Directors for the North Carolina Poultry Federation.

Farm Bill Action Timely

A good farm bill that allows U.S. poultry producers/processors to stay competitive in the United States and abroad will help provide the support and business environment for my farm, other poultry farms, and agribusiness companies to continue to grow and thrive. The current farm bill authorization expires in 2007, which

on my planning horizon is not that far in the future. I am pleased the committee is taking this timely initiative on the new farm bill. Delaying action by a year or more could prove to be counterproductive in the sense the federal budget pressures will not lessen in future years. USDA will undoubtedly have to administer and manage a leaner budget for agriculture. Also, the new farm bill will need to recognize and be compatible with the outcome of World Trade Organization (WTO) negotiations. That outcome, if there is one, should be known by mid-year.

Think More Broadly

Since the challenges to meet budgetary and international trade obligations will likely be greater in the future than in the past, it may be time to think more broadly in terms of crafting a new farm bill. For example, many commodity price support programs are considered safety nets that provide some assurance that a farmer's income will be protected in the event the marketplace cannot provide the sufficient and necessary financial support. Perhaps, it is time to think about providing a safety net for a farmer's income rather than providing a safety net for individual commodities. Such an approach would give greater flexibility to a farmer's production decisions and options. It would also, as I understand the WTO rules, be more compatible with the likely outcome of the current negotiations.

Certain organizations that have studied a shift away from specific commodity support programs recommend that crop producers and other farmers be rewarded for improving environmental benefits, conserving resources, and saving and/or generating energy on-farm. If such beneficial programs are voluntary, incentive-based, and offer better risk management options, it seems very appropriate to consider a new farm bill that contains such provisions.

Need To Be Competitive

Poultry is a major user of feedgrains and oilseeds, perhaps the major user when chicken, eggs, turkeys, and other poultry are added together. It is vitally important that producers of corn, soybeans, and similar crops receive a fair and stable return for their efforts, resources, and risks. At the same time, it is also vitally important that U.S. poultry companies and other U.S. animal agriculture producers be able to purchase corn, soybeans and other necessary feed ingredients at price levels that allow us to be cost-competitive at-home and abroad.

A critical component to help ensure cost-competitiveness is encouraging sufficient cropland to meet feedgrains/oilseeds users needs for domestic and export, both now and in the future. There is a need, driven by market demand, to bring additional farmland back into agricultural production. With continuing loss of land to urbanization around major cities and the large amount of farm land currently enrolled in the Conservative Reserve Program (CRP) that is not highly erodible, the ability of U.S. agriculture to expand crop acreage is severely limited. This limitation will only grow more serious as a result of increased demand for grains and oilseeds from legislative mandates for ethanol and biodiesel production in the coming years, as well as the growing number of other products produced from corn and soybeans. With the always present risk of drought and crop diseases such as soybean rust, this limitation on expanding crop acreage within the United States raises questions about U.S. ability to remain a dependable, stable, long-term supplier of grains and oilseeds for domestic and global customers.

In light of these factors it is incumbent that new farm legislation provide for USDA to keep as much flexibility as possible in administering the CRP in order to respond to market needs. USDA should extend only those contracts on expiring acreage that have the highest Environmental Benefits Index (EBI), require

all other expiring contracts to compete for re-enrollment to ensure only the most environmentally-sensitive acres are enrolled, and place greater emphasis on improving water quality, which, according to USDA's own assessment, currently represents only 8 percent of the non-market benefits of enrolled CRP acreage. Further, many young farmers who want to expand their operations lack adequate opportunities to do so when the CRP overly curtails their ability to farm good productive land.

Meet Challenges and Opportunities

U.S. poultry producers/processors look forward to working with the committee to help craft a new farm bill that does not just meet the current challenges and opportunities but truly helps set the foundation for generations of American farmers to not only survive but enjoying the success of an expanding world demand for food and fiber.

Thank you again for the opportunity to share the thoughts and recommendations of not only the North Carolina Poultry Federation but, I believe, also poultry producers/processors across this country.